[TRANSLATION]

The following is an unofficial English translation of "Matters Available on the Website in relation to the Notice of Convocation of the 80th Ordinary General Meeting of Shareholders" by Sumitomo Forestry Co., Ltd. ("Company"). The Company provides this English translation for your reference and convenience only and without any warranty as to its accuracy or otherwise. The Japanese original is the sole official version and shall prevail in the event of any discrepancy between it and this English translation.

MATTERS AVAILABLE ON THE WEBSITE IN RELATION TO THE NOTICE OF CONVOCATION OF THE 80th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Consolidated Financial Statements

Non-Consolidated Financial Statements

(from April 1, 2019 to March 31, 2020)

Sumitomo Forestry Co., Ltd.

The information above is made available on the Company's website (http://sfc.jp/english) pursuant to the relevant laws and regulations, and Article 17 of the Articles of Incorporation of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended March 31, 2020

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	32,752	22,247	241,427	(2,337)	294,088
Cumulative effects of changes in accounting policies			(6,437)		(6,437)
Restated balance	32,752	22,247	234,990	(2,337)	287,651
Changes during the period					
Issuance of new shares	26	26			52
Issuance of new shares (Exercise of subscription rights to shares)	8	8			15
Dividends from surplus			(7,297)		(7,297)
Net income attributable to owners of parent			27,853		27,853
Purchase of treasury stock				(2)	(2)
Change in ownership interest of parent due to transactions with non-controlling interests		(991)			(991)
Net changes in items other than shareholders' equity					
Total changes during the period	34	(957)	20,555	(2)	19,630
Balance at the end of current period	32,786	21,290	255,545	(2,339)	307,282

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	25,196	752	(1,733)	17	24,232	135	35,034	353,489
Cumulative effects of changes in accounting policies								(6,437)
Restated balance	25,196	752	(1,733)	17	24,232	135	35,034	347,052
Changes during the period								
Issuance of new shares								52
Issuance of new shares (Exercise of subscription rights to shares)								15
Dividends from surplus								(7,297)
Net income attributable to owners of parent								27,853
Purchase of treasury stock								(2)
Change in ownership interest of parent due to transactions with non-controlling interests								(991)
Net changes in items other than shareholders' equity	(8,354)	1,778	(2,507)	65	(9,017)	(15)	(586)	(9,619)
Total changes during the period	(8,354)	1,778	(2,507)	65	(9,017)	(15)	(586)	10,012
Balance at the end of current period	16,842	2,531	(4,240)	82	15,215	120	34,448	357,064

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Significant fundamental accounting policies for preparing consolidated financial statements

1. Scope of consolidation

There are 244 consolidated subsidiaries. The principal consolidated subsidiaries are Sumitomo Forestry Crest Co., Ltd., Sumitomo Forestry Residential Co., Ltd., Sumitomo Forestry Landscaping Co., Ltd., Sumitomo Forestry Home Engineering Co., Ltd., Sumitomo Forestry Home Tech Co., Ltd., Mombetsu Biomass Electric Power Co., Ltd., Crescent Communities, LLC, Nelson Pine Industries Ltd., Henley Arch Unit Trust, Henley Arch Pty Ltd., Edge Utah HoldCo, LLC, MainVue Homes LLC, DRB Enterprises, LLC, Gehan Homes, Ltd. and Bloomfield Homes, L.P..
Beginning the consolidated fiscal year under review, SFKG Property Asia Pte Ltd., and 48 other companies, in which stakes were newly acquired, are included in the scope of consolidation.

2. Application of equity method

(1) There are 100 affiliates that are accounted for by the equity method. The principal equity-method affiliate is Kumagai Gumi Co., Ltd..
Beginning the consolidated fiscal year under review, PT. Kusumasentral Kencana, and 21 other companies, in which stakes were newly acquired, are included as equity-method affiliates.
On the other hand, MOS Lumber Products Co., Ltd was an equity-method affiliate in the previous consolidated fiscal year, but all of the stakes has been transferred, so they are no longer included as equity-method affiliates.

(2) For equity-method affiliates that have a fiscal year end that differs from the Company's fiscal year end, financial statements for these different fiscal years are used.

3. Accounting periods of consolidated subsidiaries

The settlement date for 1 domestic consolidated subsidiary and 211 overseas consolidated subsidiaries is December 31, so when preparing the consolidated financial statements for the consolidated fiscal year under review, the financial statements as of December 31, 2019 were used. Additionally, the settlement date for two consolidated subsidiaries is March 20, so the financial statements as of March 20, 2020 have been used for them. Necessary adjustments are made on consolidation for material transactions that occurred between the end of the fiscal years of these subsidiaries and the end of the consolidated balance sheet date.

4. Significant Accounting Policies

(1)Valuation standards and methods for important assets

a. Securities

Held-to-maturity securities

Amortized cost method (Straight-line method)

Other securities:

Securities with a market value

Value method based on the market price on the settlement date (unrealized gains and losses are reported in the shareholders' equity section. Sales cost of securities is determined by the moving-average method.)

Securities with no market value

Cost method based on the moving-average method

b. Derivatives

Market value method

c. Inventories

Finished goods, logs and lumber, work in process, raw materials and supplies are stated at cost, which is mainly determined by the moving average method. Costs on uncompleted construction contracts, developed land and housing for sale, and real estate for sale in process are stated at cost, determined by the specific cost method. Net book value of inventories as shown in the consolidated balance sheet is written down when profitability declines.

(2)Method of depreciating significant assets

a. Property, plant and equipment (excluding lease assets)

For the Company and domestic consolidated subsidiaries, the fixed-percentage method is used primarily. However, the straight-line method is used for buildings (excluding accessory equipment) acquired on or after April 1, 1998 and for accessory equipment and structures acquired on or after April 1, 2016. For overseas consolidated subsidiaries, the straight-line method is used primarily.

b. Intangible assets (excluding lease assets)

The straight-line method is used. The straight-line method is used for the amortization of software used internally based on the estimated internal use period (5 years).

c. Leased assets

Finance leases that do not transfer ownership of the leased assets are depreciated down to a residual value of zero over their useful lives using the straight-line method.

(3)Standards for significant allowances

a. Allowance for doubtful accounts

In order to prepare for expected losses from bad debts, estimated unrecoverable amounts are recorded for general claims based on historical bad-debt ratios, and for specific claims including doubtful accounts, based on individual recoverability.

b. Provision for bonuses

Estimated bonus payments to be charged to income in the current fiscal year are recorded to prepare for accrued bonus payments to employees.

c. Provision for directors’ bonuses
Bonus payments to be charged to income in the current fiscal year are recorded to prepare for accrued bonus payments to directors.

d. Provision for warranties for completed construction
A warranty reserve is recorded to prepare for repair costs that may be required for completed construction. The reserve is based on historical costs and future estimates.

e. Provision for directors' retirement benefits
To prepare for the payment of directors’ retirement benefits, accrued retirement benefits to directors of certain subsidiaries are recorded based on the amount required at year end in accordance with established internal regulations.

(4) Accounting process method of retirement benefits

a. Service period attribution method for projected retirement benefits
The method of attributing projected retirement benefits to the period up to the end of the consolidated fiscal year under review when calculating retirement benefit obligations is as per the benefit formula standard.

b. Method of accounting for actuarial differences and past service liabilities
Actuarial differences and past service liabilities are accounted for collectively in the fiscal year in which they occur.

(5) Standards for Revenue and Expenses

The “Accounting Standard for Revenue Recognition”(ASBJ Statement No. 29, March 30, 2018), and the "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30, March 30, 2018) are applied. The company will recognize Revenue at an amount that reflects the consideration to which the company expects to be entitled in exchange for transferring goods or services to the customer, when the promised goods or services are transferred to the customer.

(6)Main hedge accounting methods

a. Hedge accounting method
Deferred hedge accounting is adopted.
Appropriation accounting of foreign currency transactions is applied to foreign exchange hedging transactions. Special accounting treatment is used for interest rate swaps when they satisfy the requirements for special treatment.

b. Hedging policy
Foreign exchange forward contracts and foreign currency swaps are utilized to mitigate foreign exchange risks. Interest rate swap transactions are utilized to mitigate interest rate risks.

c. Scope of hedging
Certain foreign exchange transactions, including planned transactions, and borrowings exposed to interest rate risks are hedged in accordance with policies laid out in the management regulations.

d. Method of evaluation for hedge effectiveness
The Company believes foreign exchange forward contracts and foreign currency swaps to be highly effective hedging instruments. Therefore, an evaluation of their effectiveness is omitted.
An evaluation of the effectiveness of the special accounting treatment used for interest rate swaps is omitted.

(7) Amortization method and period of goodwill
Goodwill is amortized by the straight-line method over a period of up to 20 years. However, if its materiality is low, the goodwill is amortized in the year in which it is recognized.

(8)Other important items for compiling consolidated financial statements
Consumption tax
National and regional consumption taxes are accounted for using the net-of-tax method.

Changes in Accounting Policies

(Application of “Accounting Standard for Revenue Recognition”)
In the wake of the fact that the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2018), and the "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30, March 30, 2018) (hereinafter collectively referred to as “Standards”) became applicable from the beginning of the consolidated fiscal year from April 1, 2018, we decided to apply these Standards, from the beginning of the consolidated fiscal year under review, and will now recognize revenue in the amount expected to be received for exchange with the goods or services when the dominance of the promised goods or services is transferred to the customer.
The main changes brought about by this application are as follows:

(1) Revenue Recognition in Agency Transactions
Previously, revenues from the domestic distribution business in the timber and building materials business were recognized as revenues based on the total amount of consideration received from customers. However, for transactions where our role in providing products to customers falls as an agent, it has been modified to recognize the net amount as revenue, from which all the payment to the supplier are deducted.

(2) Revenue Recognition in Construction Contracts
With regard to construction contracts in the Housing, Construction and Overseas Housing and Real Estate Businesses, the Company previously applied the percentage-of-completion method for contracts for which progress is deemed certain(percentage of completion is estimated as a percentage of the estimated total cost, based on the cost incurred), and the completed-contract method for short-term construction contracts. However, it has been modified to recognize revenue for a specific period, as they performance the obligations, for all construction contracts. In addition, the method of estimating the progress rate for fulfillment of performance obligations is mainly based on the input method based on accrued cost. Revenue from construction contracts, which are expected to have a very short period of time from the commencement date of the contract to the date when the full performance obligation is fulfilled, will not be recognized for a specific period, and will be recognized when the obligation full performance obligation is fulfilled.

(3)Revenue Recognition in Guarantee Service Contracts
In the Housing and Building Business, the Company provides customers with free-of-charge inspection services after delivery based on construction contracts or sales contracts for detached houses, etc. Previously, revenues from these services were not recognized, but the Company has changed the method to recognize revenues when the performance obligations related to delivery of detached houses, etc. and performance obligations related to these services are identified and each performance obligation is satisfied.

The company applies these Standards in accordance with transitional measures in accordance with the proviso to section 84 of the Accounting Standard for Revenue Recognition. The new accounting standard is applied from the beginning of the consolidated fiscal year under review, adding to and subtracting from retained earnings, the cumulative effects of retroactively applying the new accounting policy prior to the beginning of the fiscal year under review. However, for all contracts changed before the beginning of the consolidated fiscal year under review, the method prescribed in section 86(1) of the Accounting Standard for Revenue Recognition is applied, and the cumulative effects are added to and subtracted from the retained earnings by performing the following process.

1. dividing fulfillment and non-fulfillment of the performance obligation
2. calculating the transaction price
3. distributing the transaction price to fulfilled and not-fulfilled obligations

As a result, net sales and cost of sales for the fiscal year under review decreased by ¥240,302 million and ¥245,901 million, respectively, and operating income, ordinary income and income before income taxes and minority interests increased by ¥5,599 million, respectively. The balance of retained earnings at the beginning of the year decreased by ¥6,437 million.

Additional information

(Effects of the COVID-19 on Accounting Estimates)

Although the spread of the COVID-19 affects the business activities of our group, it is extremely difficult to predict the future expansion of the disease and the timing of its convergence.

To determine the recoverability of deferred tax assets and the recognition of impairment loss, the Company makes the best estimates based on certain assumptions that the impact will occur over the following fiscal year, based on information available at the time of preparation of the consolidated financial statements.

Notes to the consolidated balance sheet

(Million yen)

1. Pledged assets and secured liabilities

(1) Pledged assets

Cash and time deposits	314
Notes and accounts receivable-trade	36
Accounts receivable from completed construction contracts	766
Cost on uncompleted construction contracts	258
Developed land and housing for sale	3,237
Real estate for sale in process	8,048
Accounts receivable-other	134
Buildings and structures	8,399
Machinery, equipment and vehicles	10,444
Land	2,485
Construction in progress	2,359
Investment securities	12,728
Other	1.923
Total	51,131

(2) Secured liabilities

Short-term loans payable	2,813
Long-term loans payable	22,662
Total	25,475

2. Accumulated depreciation of property, plant and equipment 110,424

3. Guaranteed Liabilities etc.

Guarantee on loans, etc. from financial institutions

Purchasers with housing loans applied	29,559
Affiliates under Crescent Communities Group	27,322
Kanda Biomass Energy K.K.	10,578
Kawasaki Biomass Electric Power Co., Ltd.	285
Total	67,744

Notes to the consolidated statements of changes in net assets

1. The number of issued shares as of the end date of the consolidated fiscal year
   Ordinary shares 182,752,036

2. The number of treasury stock as of the end date of the consolidated fiscal year
   Ordinary shares 1,326,898

3. Items related to dividend

(1) Dividend payment

Resolution	Type of shares	Total amount of dividend (Million yen)	Dividend per share (Yen)	Base date	Effective date
Ordinary General Meeting of Shareholders on June 21, 2019	Ordinary shares	3,648	20.00	March 31, 2019	June 24, 2019
Board of Directors' Meeting on November 8, 2019	Ordinary shares	3,649	20.00	September 30, 2019	December 6, 2019

(2) Dividends for which the base dates belongs to the consolidated fiscal year and for which the effective date comes after the end of the consolidated fiscal year
The following matters are due to be resolved at the Meeting.

Resolution	Type of shares	Total amount of dividend (Million yen)	Source of dividend	Dividend per share (Yen)	Base date	Effective date
Ordinary General Meeting of Shareholders on June 23, 2020	Ordinary shares	3,649	Retained earnings	20.00	March 31, 2020	June 24, 2020

4. Type and number of shares subject to subscription rights to shares as of the last day of the consolidated fiscal year under review (excluding those for which the execution period has not yet come)
   Ordinary shares 4,629,343

<u>Notes on financial instruments</u>

1. Matters relating to the state of financial instruments

The Company and its consolidated subsidiaries ("Group") invest temporary surplus funds in highly safe and secure financial instruments, and use bank loans and bond issue as the primary means of raising capital.

The Group is working to reduce customers' credit risks relating to operating receivables, notes and accounts receivable-trade and accounts receivable-other, in accordance with its credit control regulations. In addition, securities are primarily negotiable certificates of deposit subject to settlement in the short term. Investment securities are primarily held-to-maturity bonds and securities related to our business, and the Group periodically confirms the market value and financial conditions and other aspects of the issuing entities (corporate customers). The Group also consistently reviews the ownership of financial instruments excluding bonds held to maturity, in consideration of its relationships with corporate customers. Almost all operating debts such as notes and accounts payable-trade and accounts payable for construction contracts, are payable within one year.

The Group uses loans payable and bonds issued primarily to finance its operations and capital investment. The Group takes steps to stabilize its interest cost by interest rate swaps against the risk of interest rate fluctuations for the part of its long-term loans payable.

With respect to derivatives, the Group seeks to use them within a certain limit based on past records relating to ordinary business transactions in foreign currency, etc. The Group will not engage in speculative transactions.

2. Matters relating to the market value of financial instruments

The amounts stated in consolidated balance sheets, market value and their differences as of March 31, 2020 are shown in the table below. For your information, items of account which are of less importance in the consolidated balance sheet are omitted from this table. Also, items of account for which an accurate grasp of market value is recognized to be extremely difficult are not stated in this table. (refer to the (note)2)

(Million yen)

	Amount stated in consolidated balance sheets*1	Market value*1	Difference
(1) Cash and time deposits	92,774	92,774	—
(2) Notes and accounts receivable-trade	123,030	123,030	—
(3) Securities and investment securities			
a. Bonds held to maturity	1,458	1,481	23
b. Affiliates shares	33,815	23,412	(10,403)
c. Other securities	52,211	52,211	—
Total assets	303,287	292,907	(10,380)
(4) Notes and accounts payable-trade	(109,179)	(109,179)	—
(5) Accounts payable for construction contracts	(83,281)	(83,281)	—
(6) Corporate bonds	(90,000)	(89,555)	(445)
(7) Long-term loans payable *2	(132,490)	(131,896)	(594)
Total liabilities	(414,951)	(413,912)	(1,039)
(8) Derivatives transactions*3			
a. Hedge accounting not applied	29	29	—
b. Hedge accounting applied	3,531	3,531	—
Total derivatives	3,560	3,560	—

*1 Amounts stated under liabilities are shown in brackets.

*2 Amount of Long-term loan payable includes Long-term loan payable due within 1 year.

*3 Assets and liabilities from derivatives transactions are shown in the net amount. If the total is negative figure, the amount is shown in brackets.

(Note) 1 Methods for calculating the market value of financial instruments and matters relating to securities and derivatives trading

(1) Cash and time deposits and (2) Notes and accounts receivable-trade

Book value is stated for these items. Book value is almost the same as market value because short-term settlement creates the market value.

(3) Securities and investment securities

The market value stated for shares is the exchange quote value. The market value stated for bonds is the exchange quote value or the value indicated by financial institutions.

In addition, for negotiable deposit certificates, the book value is almost the same as the market value because short-term settlement creates the market value.

(4) Notes and accounts payable-trade and (5) Accounts payable for construction contracts

Book value is stated for these items. Book value is almost the same as market value because short-term settlement creates the market value.

(6) Corporate bonds

The market value of corporate bonds is calculated based on the market price.

(7) Long-term loans payable

Book value is stated for long-term loans payable with a variable interest rate, because their market value and book value are assumed to be close. The reasons for this assumption are that the loans reflect market interest rates in the short term and the credit condition of the Company did not significantly change after the loan offer. The present value is calculated for long-term loans payable with a fixed interest rate. The present value is calculated by similar debt from the aggregate amount of principal and interest for long-term loans payable classified according to fixed terms. (*)

(*)For long-term loans payable subject to special accounting for interest rate swaps, the aggregate amount of principal and interest based on the interest rate swap is used.

(8) Derivatives transactions

The market value is the future quotation value or the value indicated by financial institutions. The market value of derivatives, to which special accounting for interest rate swaps is applied, is stated as part of the market value of long-term loans payable, because these derivatives are operated collectively with the hedged long-term loans payable.

(Note) 2 Unlisted shares (stated as 2,929 million yen in the consolidated balance sheets), and shares and bonds of subsidiaries and affiliates (stated as 51,090 million yen in the consolidated balance sheets) are not included in the amount of "(3) Securities and investment securities" because they have no market value, and it is considered to be very difficult to calculate their prevailing prices.

Notes on leasehold properties and other types of real estate

1. Matters relating to the state of leasehold properties and other types of real estate

The Company and some of its consolidated subsidiaries own rental houses, etc. in Japan and overseas (mainly in America).

2. Matters relating to the market value of leasehold properties and other types of real estate

(Million yen)

Amount stated in the consolidated balance sheets	Market value
26,683	25,610

(Note) 1 The amount above stated in the consolidated balance sheet is calculated by deducting the accumulated depreciation from the acquisition cost.

(Note) 2 The fair value at the end of the period is as follows.

(1) For major real estate in Japan, the appraisal value by a real estate appraiser, and for other real estate, the amount based on indices that are deemed to appropriately reflect market prices are used.

(2) For overseas real estate, the appraisal value is mainly based on the appraisal value by the local appraiser.

Notes to per-share information (Yen)

Net assets per share	1,777.57
Net income per share	153.54

Notes to matters relating to important subsequent events

(Publication of Commercial Paper)

In order to secure sufficient liquidity, we have issued the following commercial papers.

(1) Total face value: 40,000 million yen

(2) Issue price (total): 39,958 million yen

(3) Date of issue: April 1, 2020, April 8, 2020

(4) Maturity date: June 30,2020, March 31, 2021

(5) Interest rate: determined by taking into account the short-term financial market interest rate

(6) Existence of collateral, etc.: non-collateral, non-guarantee

Notes on Revenue Recognition

Revenue from contracts with customers is recognized based on the following five-step approach, at the amount of consideration for which the Company expects to be entitled to exchange for the goods or services when the control of the promised goods or services is transferred to the customer.

Step 1: Identify Contracts with Customers

Step 2: Identify Performance Obligations in Contracts

Step 3: Calculate Transaction Price

Step 4: Allocate Transaction Prices to Performance Obligations in Contracts

Step 5: Recognize revenue when Performance Obligations are satisfied or satisfied

(1) Revenue from sale of goods

Revenue from the sale of goods mainly includes the sale of lumber and building materials through wholesale, retail, manufacturing and processing, and the sale of houses for sale. At the time of delivery, the Company determines that the customer has control over the goods and fulfills the obligation to fulfill the obligation, and recognizes revenue at the time of delivery.

(2) Revenue from construction contracts

Revenue from construction contracts mainly includes construction of detached houses and apartment buildings. Revenue is recognized over a certain period as the performance obligation is satisfied. The method of estimating the progress rate for fulfillment of performance obligations is mainly based on the input method based on accrued cost.

However, for construction contracts for which the period from the commencement date of the contract to the date when it is expected that the performance obligation will be fully satisfied is very short, revenue is not recognized over a certain period of time, and the performance obligation is judged to be satisfied at the time of delivery, and revenue is recognized at that time.

(3) Revenue from services and other sales

Revenue from services and other sales mainly includes commissions related to agency transactions for timber and building materials, commissions related to guarantee services for detached houses and condominiums, and commissions related to the management and brokerage of real estate. Revenue from these transactions is recognized when the performance obligation is fulfilled when the contractual terms of the contracts are fulfilled. For transactions that satisfy the performance obligation over a certain period of time, revenue is recognized based on the degree of progress in fulfilling the performance obligation.

NON-CONSOLIDATED FINANCIAL STATEMENTS

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended March 31, 2020

(Million yen)

	Shareholders' equity									
		Capital surplus		Retained earnings						
					Other retained earnings					
	Common stock	Legal capital surplus	Other capital surplus	Legal retained earnings	Reserve for special depreciation	Reserve for reduction entry	General reserve	Retained earnings brought forward	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	32,752	31,692	259	2,857	48	1,715	140,923	24,199	(286)	234,160
Cumulative effects of changes in accounting policies								(5,568)		(5,568)
Restated balance	32,752	31,692	259	2,857	48	1,715	140,923	18,631	(286)	228,592
Changes during the period										
Issuance of new shares	26	26								52
Issuance of new shares (Exercise of subscription rights to shares)	8	8								15
Reversal of reserve for special depreciation					(24)			24		–
Provision of general reserve							13,254	(13,254)		–
Dividends from surplus								(7,297)		(7,297)
Net income								12,962		12,962
Purchase of treasury stock									(2)	(2)
Net changes in items other than shareholders' equity										
Total changes during the period	34	34	–	–	(24)	–	13,254	(7,565)	(2)	5,731
Balance at the end of current period	32,786	31,726	259	2,857	24	1,715	154,177	11,066	(287)	234,323

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges		
Balance at the beginning of current period	25,236	741	135	260,273
Cumulative effects of changes in accounting policies				(5,568)
Restated balance	25,236	741	135	254,704
Changes during the period				
Issuance of new shares				52
Issuance of new shares (Exercise of subscription rights to shares)				15
Reversal of reserve for special depreciation				–
Provision of general reserve				–
Dividends from surplus				(7,297)
Net income				12,962
Purchase of treasury stock				(2)
Net changes in items other than shareholders' equity	(8,126)	1,769	(15)	(6,372)
Total changes during the period	(8,126)	1,769	(15)	(641)
Balance at the end of current period	17,110	2,510	120	254,063

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

Summary of significant accounting policies

1. Valuation standards and method for securities

(1) Held-to-maturity securities
Amortized cost method (Straight-line method)

(2) Shares held in subsidiaries and affiliates
Cost method based on the moving-average method.

(3) Other securities:
Securities with a market value
Value method based on the market price on the closing date (unrealized gains and losses are reported in the shareholders' equity section. Sales cost of securities is determined by the moving-average method.)

Securities with no market value
Cost method based on the moving-average method

2. Valuation standards and method for inventories

Purchased products are stated at cost, which is mainly determined by the moving average method. Costs on uncompleted construction contracts, developed land and housing for sale, and real estate for sale in process are stated at cost, determined by the specific cost method. Net book value of inventories as shown in the non-consolidated balance sheet is written down when profitability declines.

3. Method of depreciation of noncurrent assets

(1) Property, plant and equipment (excluding lease assets)
The declining-balance method of depreciation is used. However, the straight-line method is used for buildings (excluding accessory equipment) acquired on or after April 1, 1998 and for accessory equipment and structures acquired on or after April 1, 2016. For overseas consolidated subsidiaries, the straight-line method is used primarily.

(2) Intangible assets (excluding lease assets)
The straight-line method is used. The straight-line method is used for the amortization of software used internally based on the estimated internal use period (5 years).

(3) Leased assets
Finance leases that do not transfer ownership of the leased assets are depreciated down to a residual value of zero over their useful lives using the straight-line method.

4. Standards for allowance

(1) Allowance for doubtful accounts
In order to prepare for expected losses from bad debts, estimated unrecoverable amounts are recorded for general claims based on historical bad-debt ratios, and for specific claims including doubtful accounts, based on individual recoverability.

(2) Provision for employees' bonuses
Estimated bonus payments to be charged to income in the current fiscal year are recorded to prepare for accrued bonus payments to employees.

(3) Provision for directors' bonuses

Bonus payments to be charged to income in the current fiscal year are recorded to prepare for accrued bonus payments to directors of the Company.

(4) Provision for warranties for completed construction

A warranty reserve is recorded to prepare for repair costs that may be required for completed construction. The reserve is based on historical costs and future estimates.

(5) Provision for retirement benefits

A provision for retirement benefits is provided for the necessary amounts based on the estimates of retirement benefit obligations and pension assets at the end of the reporting fiscal year. Should the total estimated figure for pension assets at the end of the reporting fiscal year exceed the total estimated figure for retirement benefit obligations, the surplus is recognized as prepaid pension cost.

a. Service period attribution method for projected retirement benefits

The method of attributing projected retirement benefits to the period up to the end of the consolidated fiscal year under review when calculating retirement benefit obligations is as per the benefit formula standard.

b. Method of accounting for actuarial differences and past service liabilities

Actuarial differences and past service liabilities are typically accounted for collectively in the fiscal year in which they occur.

(6) Provision for losses on business of subsidiaries and affiliates

A provision for losses on business of subsidiaries and affiliates is provided to prepare for possible losses by taking into consideration the financial position of the company.

5. Standards for Revenue and Expenses

The "Accounting Standard for Revenue Recognition"(ASBJ Statement No. 29, March 30, 2018), and the "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30, March 30, 2018) are applied. The company will recognize Revenue at an amount that reflects the consideration to which the company expects to be entitled in exchange for transferring goods or services to the customer, when the promised goods or services are transferred to the customer.

6. Hedge accounting methods

(1) Hedge accounting method

Deferred hedge accounting is adopted.

Appropriation accounting of foreign currency transactions is applied to foreign exchange hedging transactions. Special accounting treatment is applied to interest rate swaps when they satisfy the requirements for such.

(2) Hedging policy

Foreign exchange forward contracts and foreign currency swaps are utilized to mitigate foreign exchange risks. Interest rate swap transactions are utilized to mitigate interest rate risks.

(3) Scope of hedging

Certain foreign exchange transactions, including planned transactions, and borrowings exposed to interest rate risks are hedged in accordance with policies laid out in the management regulations.

(4) Method of evaluation for hedge effectiveness

The Company believes foreign exchange forward contracts and foreign currency swaps to be highly effective hedging instruments. Therefore, an evaluation of their effectiveness is omitted. An evaluation of the effectiveness of the special accounting treatment used for interest rate swaps is omitted.

7. Other important items for compiling non-consolidated financial statements
Consumption tax
National and regional consumption taxes are accounted for using the net-of-tax method.

Changes in Accounting Policies

(Application of "Accounting Standard for Revenue Recognition")
In the wake of the fact that the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2018), and the "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30, March 30, 2018) (hereinafter collectively referred to as “Standards”) became applicable from the beginning of the fiscal year from April 1, 2018, we decided to apply these Standards, from the beginning of the fiscal year under review, and will now recognize revenue in the amount expected to be received for exchange with the goods or services when the dominance of the promised goods or services is transferred to the customer.
The main changes brought about by this application are as follows:

(1) Revenue Recognition in Agency Transactions
Previously, revenues from the domestic distribution business in the timber and building materials business were recognized as revenues based on the total amount of consideration received from customers. However, for transactions where our role in providing products to customers falls as an agent, it has been modified to recognize the net amount as revenue, from which all the payment to the supplier are deducted.

(2) Revenue Recognition in Construction Contracts
With regard to construction contracts in the Housing, Construction and Overseas Housing and Real Estate Businesses, the Company previously applied the percentage-of-completion method for contracts for which progress is deemed certain(percentage of completion is estimated as a percentage of the estimated total cost, based on the cost incurred), and the completed-contract method for short-term construction contracts. However, it has been modified to recognize revenue for a specific period, as they performance the obligations, for all construction contracts. In addition, the method of estimating the progress rate for fulfillment of performance obligations is mainly based on the input method based on accrued cost. Revenue from construction contracts, which are expected to have a very short period of time from the commencement date of the contract to the date when the full performance obligation is fulfilled, will not be recognized for a specific period, and will be recognized when the obligation full performance obligation is fulfilled.

(3)Revenue Recognition in Guarantee Service Contracts
In the Housing and Building Business, the Company provides customers with free-of-charge inspection services after delivery based on construction contracts or sales contracts for detached houses, etc. Previously, revenues from these services were not recognized, but the Company has changed the method to recognize revenues when the performance obligations related to delivery of detached houses, etc. and performance obligations related to these services are identified and each performance obligation is satisfied.

The company applies these Standards in accordance with transitional measures in accordance with the proviso to section 84 of the Accounting Standard for Revenue Recognition. The new accounting standard is applied from the beginning of the fiscal year under review, adding to and subtracting from retained earnings, the cumulative effects of retroactively applying the new accounting policy prior to the beginning of the fiscal year under review. However, for all contracts changed before the beginning of the fiscal year under review, the method prescribed in section 84 of the Accounting Standard for Revenue Recognition is applied, and the cumulative effects are added to and

subtracted from the retained earnings by performing the following process.
1. dividing fulfillment and non-fulfillment of the performance obligation
2. calculating the transaction price
3. distributing the transaction price to fulfilled and not-fulfilled obligations

As a result, net sales and cost of sales for the fiscal year under review decreased by ¥225,189 million and ¥228,517 million, respectively, and operating income, ordinary income and income before income taxes and minority interests increased by ¥4,733 million, respectively. The balance of retained earnings at the beginning of the year decreased by ¥5,568 million.

Additional information

(Effects of the COVID-19 on Accounting Estimates)

Although the spread of the COVID-19 affects the business activities of our group, it is extremely difficult to predict the future expansion of the disease and the timing of its convergence.

To determine the recoverability of deferred tax assets and the recognition of impairment loss, the Company makes the best estimates based on certain assumptions that the impact will occur over the following fiscal year, based on information available at the time of preparation of the financial statements.

Notes to the non-consolidated balance sheet (Million yen)

1. Pledged assets

(1)Pledged assets

Investment securities	11,643
Stocks of subsidiaries and affiliates	1,102
Long-term loans receivable from subsidiaries and affiliates	122
Other	1,013
Total	13,879

(2)Liabilities for pledge

Long-term loans payable due within 1 year	27
Long-term loans payable	200
Total	226

2. Accumulated depreciation on property, plant and equipment	25,462
3. Accumulated advanced depreciation on property, plant and equipment	1,306

4. Guaranteed liabilities

(1) Guarantee on loans, etc. of subsidiaries and affiliates from financial institutions

Sumitomo Forestry America, Inc.	25,897
Kanda Biomass Energy K.K.	10,578
Sumitomo Forestry Australia Pty Ltd.	4,163
Sumitomo Forestry (Singapore) Ltd.	2,895
Vina Eco Board Co., Ltd.	1,908
PT. Kutai Timber Indonesia	1,205
Hachinohe Biomass Electric Power Co., Ltd.	1,000
Sumirin Hong Kong Limited	303
Kawasaki Biomass Electric Power Co., Ltd.	285
PT. Sumitomo Forestry Indonesia	180

Michinoku Bio Energy Co., Ltd.	133
Sumikyo Co., Ltd.	72
Sumitomo Forestry (Dalian) Ltd.	12
Sumikyo Wintec Co., Ltd.	2
Sumirin Fill Care Co., Ltd.	0
Total	48,635

(2) Guarantee on other loans from financial institutions

Purchasers with housing loans applied	29,064

5. Monetary receivables from and payables to subsidiaries and affiliates (excluding amounts disclosed under separate classifications)

Short-term monetary receivable	38,856
Short-term monetary payable	60,357
Long-term monetary payable	725

Notes to non-consolidated statements of income (Million yen)

Transactions with subsidiaries and affiliates	
Net sales	15,998
Purchase of goods	125,610
Non-operating income	
Interest income	239
Dividends income	10,289
Other	176
Non-operating expenses	68

Notes to non-consolidated statements of changes in net assets

The number of treasury stock as of the end of the reporting fiscal year

Ordinary shares	286,358

Notes to tax effect accounting

1. Details of the main reason for occurrence of deferred tax assets and liabilities

Deferred tax assets	
Allowance for doubtful accounts	2,462
Provision for bonuses	2,164
Loss on devaluation of developed land and housing for sale etc.	358
Provision for retirement benefit	3,970
Provision for loss on business of subsidiaries and affiliates	791
Loss on devaluation of securities of subsidiaries and affiliates	6,148
Loss on devaluation of investment securities and golf club membership	1,978
Provision for warranties for completed construction	596
Other	7,547
Subtotal deferred tax assets	26,014
Valuation reserve	(11,467)
Total deferred tax assets	14,547
Deferred tax liabilities	
Reserve for advanced depreciation on noncurrent assets	757
Gain on contribution of securities to retirement benefit trust	1,168
Valuation difference on available-for-sale securities	7,431
Other	3,218
Total deferred tax liabilities	12,574
Deferred tax liabilities in net	(1,973)

2. Breakdown of major items giving rise to material differences between the statutory effective tax rate and the effective rate of corporate and other income taxes after application of tax effect accounting

Statutory effective tax rate	30.6%
(Adjustment)	
Non-deductible expenses such as entertainment expense	2.1%
Non-taxable income such as dividends received	(19.8)%
Inhabitants' tax-per capita levy	1.3%
Valuation allowance	(0.2)%
Other	2.8%
Effective rate of corporate and other income taxes after application of tax effect accounting	16.8%

Notes to related party transactions

1. Subsidiaries and affiliates, etc.

(Million yen)

Type	Name of company	Share of voting rights owned by the Company	Relationship	Transaction description	Transaction amount (* 4)	Accounting item	Year-End balance (* 4)
Subsidiary	Sumitomo Forestry Home Engineering Co., Ltd.	Direct 100.0%	Supply of paid materials Construction of ordered housing Interlock of directors	Construction of housing ordered by the Company (* 1)	79,691	Accounts receivable-other Accounts payable for construction contracts	23,650 20,680
Subsidiary	Sumitomo Forestry Home Tech Co., Ltd.	Direct 100.0%	After maintenance of housing Interlock of directors	Deposit of surplus fund to the Company (* 2)	-	Deposits received	14,205
Subsidiary	Sumitomo Forestry America, Inc.	Direct 100.0%	Interlock of directors	Debt guarantee (* 3)	25,897	-	-

(*1) Transaction terms and policy for determining transaction terms are determined in the same way as for general transaction conditions.
(*2) Transaction amounts are not shown, because the transactions are conducted repeatedly, and the purpose for this is to centralize fund management within the Group.
(*3) The Company guarantees debt for loans borrowed from financial institutions.
(*4) Transaction amounts do not include consumption tax, etc., while year-end balances do.

Notes to per-share information

	(Yen)
Net assets per share	1,391.73
Net income per share	71.05

Notes to matters relating to important subsequent events

The same content is stated in "Notes to matters relating to important subsequent events" in the consolidated financial statements, and thus the notes are omitted.

Notes on Revenue Recognition

The same content is stated in "Notes on Revenue Recognition" in the consolidated financial statements, and thus the notes are omitted.